



Winston H. Hickox
Agency Secretary

Air Resources Board

Alan C. Lloyd, Ph.D.
Chairman

1001 I Street • P.O. Box 2815 • Sacramento, California 95812 • www.arb.ca.gov



Gray Davis
Governor

July 22, 2003

Mr. Jim McKinney, Project Manager
Special Projects Office
California Energy Commission
1516 Ninth Street, MS-29
Sacramento, California 95814-5512

Dear Mr. McKinney:

We have reviewed the June 2003 Staff Draft of the California Energy Commission's (CEC) *2003 Environmental Performance Report*, which summarizes the environmental performance of the state's electrical generating facilities. It is our understanding that this report is being prepared as a supplement to the *Integrated Energy Policy Report* required by Senate Bill 1389 (Bowen 2002). We offer the following comments for your consideration:

General Comment

In the Introduction section of Chapter 3 on Air Resources, the report discusses power plant emissions inventory data available from various agencies and characterizes them as "inconsistent" and "incomplete or out of date." While we acknowledge that our inventory has some limitations, we are confident that the data represent a reasonable snapshot of the estimated emissions from the power generation sector. Historical and projected emission data can change over time and may be revised to reflect improved estimation methods. We will continue to refine and enhance our database and will continue to work with the CEC staff in this regard.

Specific Comments

The list below contains our suggestions for additional language and/or clarifying remarks to specific portions of the report.

Page 17, Table II-1, Shut down 12/31/02 due to air permit requirements to comply
under El Segundo with South Coast AQMD Rule 2009;

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our Website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

Mr. Jim McKinney

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Page 2

Page 20,
last paragraph

This allowed those projects to operate for up to one year at 25 parts per million (ppm) for NO_x, rather than the 5 ppm that was required once the SCR was installed for the summer of 2001. However, application of BACT via installation of SCR to meet 5 ppm NO_x was required no later than June 1, 2002. In addition, the projects were allowed to offset some emissions for up to three years CARB established an ERC bank as directed by Governor's Executive Orders D-24-01 and D-28-01. ERCs were made available to peaking power plants that needed offsets to add new or expanded capacity and could be online by September 30, 2001. ERCs were supplied through the state's Carl Moyer program, which was based on control of mobile sources. ERCs were valid for three summer peak seasons, expiring on November 1, 2003. Plants wishing to remain online have to secure permanent offsets or shutdown.

Page 29, 3rd bullet

...from technological advances in emissions control, efficiency improvements, or by decreasing reliance...

Page 38,
1st paragraph

...sources within the district and the district's attainment status. The California Clean Air Act requires that air districts develop attainment plans to achieve state ambient air quality standards as expeditiously as practical. The plans must include regulations that require control technologies for existing sources. Because each power plant must comply...

Page 38,
2nd paragraph

CARB anticipates that a guidance document will be available for consideration by the Board in the fall of 2003 early 2004.

Page 41,
4th paragraph

Mention that in addition to SCR retrofits, NO_x emissions did not increase as rapidly during the energy crisis due to conservation efforts and because diesel backup generators were not needed.

Page 41,
4th paragraph

...significantly cleaner than even the retrofit steam boilers and peaking turbines, with typical NO_x emission rates of 0.06 lbs/MWh.

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Thank you for this opportunity to comment. We continue to support the working relationship that has been established between the CEC and the Air Resources Board over the years on projects of mutual interest to both agencies. If you or your staff have any questions or need further clarification on any of our comments, please contact me at (916) 322-6026.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Tollstrup", written over a horizontal line.

Michael J. Tollstrup, Chief
Project Assessment Branch

✓ cc: Mr. Kevin Kennedy, Project Manager
California Energy Commission
1516 Ninth Street, MS-29
Sacramento, California 95814-5512